

City of Cincinnati



*Interdepartmental
Correspondence Sheet*

December 19, 2005

To: Mayor Mark L. Mallory

From: David E. Rager, City Manager

Subject: **Recommended 2006 Restricted Revenue Funds Operating Budget**

I am submitting my 2006 Restricted Revenue Funds Operating Budget Update to provide funding in 2006 for those programs within the various Restricted Revenue Fund agencies which provide ongoing service delivery. The total expenditure amount included in this Recommended 2006 Restricted Revenue Funds Operating Budget is \$298,251,800. The 2006 funding level, which is the second year of the Approved 2005/2006 Biennial Budget, provides resources to continue services in 2006.

Budget Approach & Assumptions

In developing the Recommended 2006 Restricted Revenue Funds Operating Budget we updated expenditure projections for 2006 based on latest utility and fuel estimates and the labor contracts approved since the 2005/2006 Biennial Budget was approved in December 2004. Personnel services are increased 2% for non-represented staff. Except for specific adjustments for utilities and fuel, non-personnel services increases by an inflationary 2.8%. These changes were used to develop departmental targets for the 2006 Budget Update.

Additionally, the Recommended 2006 Restricted Revenue Funds Operating Budget provides for a 17% of payroll employer contribution rate for the Cincinnati Retirement System. This contribution rate is still below the 25% contribution rate called for in the CRS actuarial report, but greater than the 2005 11% employer contribution rate.

Please note that, based on Mayor and City Council's direction, I have included funding in the Cable Communications Fund 424 budget for City Council meetings outside of City Hall.

I recommend that the City Council approve the Recommended 2006 Restricted Revenue Funds Operating Budget. Submitted separately is a 2006 Restricted Revenue Funds Operating Appropriation Ordinance that corresponds to the amounts herein.

Attachments

cc: William E. Moller, Finance Director

WATER WORKS FUND 101

Item	2004 Actual	2005 Approved Budget	2005 Estimate	2006 Approved Budget	2006 Recommended Update
Revenue	96,045,530	103,224,000	102,416,000	108,804,000	109,112,000
Transfers In					
Prior Year Cancellations	702,880		123,340		
Prior Year Carryover	31,040,640	20,199,000	20,294,150	22,326,670	22,473,870
Resources	127,789,050	123,423,000	122,833,490	131,130,670	131,585,870
Operating Expenditures	64,242,170	62,184,830	62,640,300	64,485,020	67,457,760
Debt Service	31,063,430	33,089,500	31,897,320	33,089,000	35,153,000
Total	95,305,600	95,274,330	94,537,620	97,574,020	102,610,760
Transfer to Capital	12,189,300	5,822,000	5,822,000	3,972,000	3,962,120
Expenses	107,494,900	101,096,330	100,359,620	101,546,020	106,572,880
Resources Minus Expenses	20,294,150	22,326,670	22,473,870	29,584,650	25,012,990
Balance as a % of Revenue	21%	22%	22%	27%	23%

Changes in Revenues (includes all operating funds)

The revenue estimate for the Water Works Fund 101 was \$103,224,000 in the 2005 Approved Budget and is estimated at \$102,416,000 for year-end 2005 based on year-to-date experience. The revenue estimate in the 2006 Approved Budget is \$108,804,000 and the revenue estimate for the 2006 Recommended Update is \$109,112,000, which represents a 0.3% increase from the 2006 Approved Budget based on a revised consumption estimate. The revenue estimate in the 2006 Recommended Update is a 6.5% increase over the 2005 revenue estimate. The 2005/2006 revenue estimates are based on a schedule of City Council approved water rate increases of 5.0% in 2005 and 7.5% in 2006.

Changes in Expenditures

The 2005 estimated operating expenditures for the Water Works Fund 101 of \$94,537,620 is a \$736,710, or 0.8%, decrease from the operating expenditures of \$95,274,330 included in the 2005 Approved Budget. Although operating expenditures are expected to increase by \$455,470, debt service cost decreases by \$1,192,180. The increase in operating expenditures is primarily due to an increase in Cinergy electric power rates. The decrease in debt service is the result of a later than anticipated bond sale and bond sale premium which required that less interest be paid.

The 2006 Recommended Update operating expenditures for the Water Works Fund 101 of \$102,610,760 is a \$5,036,740, or 5.2%, increase over the 2006 operating expenditures of \$97,574,020 included in the 2006 Approved Budget. A net \$1,407,980 increase in the personnel budget is primarily due to the CODE contract, increases for non-represented employees, a reduction in position vacancy allowance, and a reduction in reimbursements. An increase in the employee benefits of \$1,331,270 is primarily due to the budgeted City Retirement System contribution. The non-personnel budget increases by \$233,990, or 0.9%, due to an increase in

Cinergy electric power rates and an increase in the cost of some chemical supplies. Debt service increases by \$2,064,000, or 6.2%, as a result of a recent bond sale which differed from the amount assumed in the 2006 Approved Budget

PARKING SYSTEM FACILITIES FUND 102

Item	2004 Actual	2005 Approved Budget	2005 Estimate	2006 Approved Budget	2006 Recommended Update
Revenue	10,094,300	8,510,000	8,591,000	8,464,000	7,093,000
Transfers In	2,020,650		235,620		
Prior Year Cancellations	150,990				
Prior Year Carryover	3,979,190	5,704,000	6,165,110	5,102,000	7,316,080
Resources	16,245,130	14,214,000	14,991,730	13,566,000	14,409,080
Operating Expenditures	5,934,140	7,225,350	6,768,400	7,385,070	7,347,130
Debt Service	420,880	1,376,830	397,250	1,376,830	373,630
Transfer to Capital	3,725,000	510,000	510,000	835,000	179,200
Expenses	10,080,020	9,112,180	7,675,650	9,596,900	7,899,960
Resources Minus Expenses	6,165,110	5,101,820	7,316,080	3,969,100	6,509,120
Balance as a % of Revenue	61%	60%	85%	47%	92%

Changes in Revenues

Revenue in the Parking System Facilities Fund 102 is comprised of receipts from the City's public garages, parking lots, and parking meters. Receipts from parking meters are transferred to the Parking Meter Fund 303 after expenses related to parking enforcement of on-street parking are paid. The revenue estimate for Fund 102 is \$8,591,000 for 2005, representing an increase of \$81,000, or 1%, when compared to the 2005 Approved Budget revenue projection of \$8,510,000. The increase in revenue is related to unanticipated increases in revenue generated from parking lots and investments, which is partially offset by a decrease in revenue from parking garages.

The 2006 Recommended Update revenue estimate of \$7,093,000 is \$1,371,000, or 16.2%, less than the 2006 Approved Budget amount of \$8,464,000. The revenue reduction results from the elimination of revenue from the Fountain Square North Garage, which has been leased to 3CDC (Cincinnati Center City Development Corporation) for operation and maintenance. The revenue elimination is partially offset by revenue from the 5th and Race Parking Lot, which was not included in the 2006 Approved Budget revenue estimate.

It should be noted that on April 28, 2004, the City Council approved Ordinance No. 143-2004, which authorized the City Manager to revise parking fees. Rate increases will be needed to maintain appropriate fund balance in the future.

Changes in Expenditures

The 2005 estimate of operating expenditures is \$6,768,400, representing a decrease of \$456,950, or 6.3%, when compared to the operating expenditures included in the 2005 Approved Budget of \$7,225,350. The reduction in operating expenditures is primarily related to a decrease of \$315,000 for personnel services that are no longer needed at the Fountain Square North Garage,

which has been transferred to 3CDC for operation and maintenance. A savings of \$36,280 is also anticipated in the Treasury Division of the Finance Department, which primarily results from filling a position with a student for part of the year. Expenditures for employee benefits and General Fund overhead are expected to decrease by \$112,230. The 2005 expenditure reductions are partially offset by an increase of \$6,560 for salary increases for CODE employees.

Operating expenditures in the 2006 Recommended Update total \$7,347,130, which is a reduction of \$37,940, or 0.5%, when compared to the operating expenditures in the 2006 Approved Budget of \$7,385,070. After considering standard inflationary increases, a net reduction of \$136,520 in the Parking Facilities Division results from the elimination of five Parking Attendant positions, one Operations Crew Leader position, and one Traffic Aids Worker position. Additionally, 15 part-time positions (six FTE) are eliminated. All eliminated positions are vacant and are no longer needed primarily due to the lease of the Fountain Square North Garage to 3CDC. These personnel reductions are partially offset by the addition of one Electronic Technician 2 position (needed for maintenance of revenue control equipment) and increases in non-personnel costs primarily related to the following factors: 1) operation of the Gateway Garage for a full year; 2) a new management agreement for the 5th and Race Parking Lot; and 3) insurance and property tax increases. In the Treasury Division of the Finance Department, 2006 operating expenditures reflect standard inflationary increases. An increase of \$98,550 for employee benefits and General Fund Overhead is also realized.

Capital expenditures in 2005 are estimated to match the amount included in the 2005 Approved Budget which is \$510,000. Capital expenditures in the 2006 Recommended Update are \$179,200, reflecting a decrease of \$655,800, or 78.5%, when compared to the 2006 Approved Budget. This reduction results from the lease of the Fountain Square North Garage to 3CDC. Improvements at the Fountain Square North Garage have been removed from the capital improvement plan.

Debt service in both 2005 and 2006 is reduced to reflect debt service for the Grammercy Garage only. The debt service in the 2005 and 2006 Approved Budgets was based on selling bonds for the entire construction cost of the Gateway Garage. Some of the cost will be paid from asset sales or lease proceeds thereby reducing the debt service.

CONVENTION CENTER FUND 103

Item	2004 Actual	2005 Approved Budget	2005 Estimate	2006 Approved Budget	2006 Recommended Update
Revenue	3,869,920	2,000,000	2,700,000	3,000,000	4,300,000
Transfers In			100,000		
Prior Year Cancellations	15,220				
Prior Year Carryover	2,008,800	1,484,000	1,842,550	290	927,530
Resources	5,893,940	3,484,000	4,642,550	3,000,290	5,227,530
Operating Expenditures	4,051,390	3,483,710	3,715,020	3,000,000	5,025,000
Debt Service					
Transfer to Capital					
Expenses	4,051,390	3,483,710	3,715,020	3,000,000	5,025,000
Resources Minus Expenses	1,842,550	290	927,530	290	202,530
Balance as a % of Revenue	48%	0%	34%	0%	5%

Changes in Revenues

Revenue in the Convention Center Fund 103 comes from fees for the use of the Cinergy Center and from a portion of the Transient Occupancy Tax. The revenue estimate for the Convention Center Fund 103 is \$2,700,000 in 2005, which represent a \$700,000, or 35%, increase over the revenue projection included in the 2005 Approved Budget. The number of events at the Cinergy Center has been greater than anticipated, generating more revenue from the use of the center than originally estimated. Additionally, receipts from the Transient Occupancy Tax are expected to exceed the original estimate.

The 2006 Recommended Update revenue estimate is \$4,300,000, exceeding the 2006 Approved Budget revenue estimate by \$1,300,000, or 43.3%. As the newly expanded and renovated center gets closer to opening in the summer of 2006, more activities are scheduled and added to the center's list of events. The increase in the 2006 revenue estimate results from more bookings than originally anticipated for 2006 at the center.

Changes in Expenditures

The 2005 estimate of operating expenditures in the Convention Center Fund 103 is \$3,715,020, representing an increase of \$231,310 or 6.6%, over the operating expenditures of \$3,483,710 in the 2005 Approved Budget. This increase is related to an additional \$120,000 for increased utility costs, an additional \$100,000 for unanticipated legal costs, an additional \$72,370 for expenses related to the Convention Facilities Authority, and an additional \$10,430 for salary increases for CODE employees. These increases are partially offset by a personnel savings of \$65,300 and an anticipated employee benefits savings of \$6,190.

Operating expenditures in the 2006 Recommended Update total \$5,025,000, which is an increase of \$2,025,000, or 67.5%, when compared to the operating expenditures in the 2006 Approved Budget of \$3,000,000. The 2006 Approved Budget has been increased to provide adequate operating resources for the newly renovated and expanded Cinergy Center that is expected to open in July 2006 and will increase the overall size of the facility by 36%. The budget change reflects an additional \$1,542,960 in non-personnel costs, an additional \$306,780 in personnel costs, and an increase of \$175,260 for employee benefits. Additional non-personnel costs are primarily related to an increase of \$483,150 for electric services, \$348,790 for chilled water, and \$241,250 for natural gas charges. Personnel increases primarily result from the addition of 4.0 full-time equivalent positions and a reduction in position vacancy allowance of \$106,600.

The “top of the range” estimate for operating the Cinergy Center in 2006 is \$6.1 million to provide full staffing levels and full non-personnel expenditures for the newly renovated and expanded facility. The 2006 Recommended Update budget of \$5.0 million is supported with available resources in the Convention Center Fund 103, allowing for a 5% balance as a percent of revenue. The \$1.1 million difference between the 2006 operating budget estimate of \$6.1 million and the 2006 Recommended Update of \$5.0 million is comprised of an additional \$620,000 in personnel services, an additional \$350,000 for non-personnel services, and an increase of \$125,000 for employee benefits. The additional \$1.1 million needed to operate the Cinergy Center in 2006 will need to come from other sources such as contract operation of the center.

GENERAL AVIATION FUND 104

Item	2004 Actual	2005 Approved Budget	2005 Estimate	2006 Approved Budget	2006 Recommended Update
Revenue	1,963,000	1,900,000	1,900,000	1,950,000	1,950,000
Transfers In	45,290		590		
Prior Year Cancellations	5,970				
Prior Year Carryover	1,379,630	1,197,000	1,409,910	949,620	1,182,410
Resources	3,393,890	3,097,000	3,310,500	2,899,620	3,132,410
Operating Expenditures	1,523,980	1,567,380	1,548,090	1,600,640	1,595,010
Debt Service					60,800
Transfer to Capital	460,000	580,000	580,000	470,000	470,000
Expenses	1,983,980	2,147,380	2,128,090	2,070,640	2,125,810
Resources Minus Expenses	1,409,910	949,620	1,182,410	828,980	1,006,600
Balance as a % of Revenue	72%	50%	62%	43%	52%

Changes in Revenues

The revenue estimate for the General Aviation Fund 104 was \$1,900,000 in the 2005 Approved Budget, which matches the estimate for year-end 2005. The 2006 Approved Budget and the 2006 revenue estimate for the 2006 Recommended Update is \$1,950,000. Revenue for 2006 is a 2.6% increase over 2005. Revenue estimates for 2005 and 2006 are based on current rates.

Changes in Expenditures

The 2005 estimated operating expenditures for the General Aviation Fund of \$1,548,090, is a \$19,290, or 1.2%, decrease compared to the operating expenditures of \$1,567,380 included in the 2005 Approved Budget. The \$19,290 estimated decrease is related to projected end-of-year expenditure savings of \$22,400, which are offset by \$3,110 for cost-of-living adjustments for CODE employees.

The 2006 Recommended Update operating expenditures for the General Aviation Fund of \$1,595,010, is a \$5,630, or 0.4%, decrease compared to the 2006 operating expenditures of \$1,600,640 included in the 2006 Approved Budget. The \$5,630 decrease is related to a \$60,800 reduction to the expert services budget, which is offset by a \$4,580 increase for fuel, a \$12,430 increase for budgeted wage inflationary increases, and a \$38,160 increase for employee benefits. The \$38,160 increase in employee benefits is primarily due to the budgeted City Retirement System contribution. An increase of \$60,800 is recommended for debt service. The 2006 Recommended Budget Update for debt service of \$60,800 provides the General Aviation Fund portion of the debt service payments for the Lunken Airport Hangar project.

MUNICIPAL GOLF FUND 105

Item	2004 Actual	2005 Approved Budget	2005 Estimate	2006 Approved Budget	2006 Recommended Update
Revenue	6,138,870	6,300,000	6,050,000	6,300,000	6,300,000
Transfers In					
Prior Year Cancellations	248,530				
Prior Year Carryover	432,590	431,000	758,620	591,010	858,620
Resources	6,819,990	6,731,000	6,808,620	6,891,010	7,158,620
Operating Expenditures	5,391,370	5,924,220	5,518,000	6,085,040	6,022,010
Debt Service	540,000	215,770	232,000	215,770	265,960
Transfer to Capital	130,000		200,000		
Expenses	6,061,370	6,139,990	5,950,000	6,300,810	6,287,970
Resources Minus Expenses	758,620	591,010	858,620	590,200	870,650
Balance as a % of Revenue	12%	9%	14%	9%	14%

Changes in Revenues

The revenue estimate for the Municipal Golf Fund 105 is \$6,050,000 for the 2005 estimate, which is \$250,000 less than the \$6,300,000 amount for the 2005 Approved Budget, the 2006 Approved Budget, and the 2006 Recommended Update.

Changes in Expenditures

The 2005 estimated operating expenditures of \$5,950,000, including debt service, is a \$189,990, or 3.1%, decrease from the 2005 Approved Operating Budget amount of \$6,139,990. This decrease is due to a reduction in operating expenditures, an increase in debt service, and an increase in capital transfers. The decrease in operating expenditures of \$406,220 is due to an effort to reduce spending because of declining revenues. The increase in debt service is primarily due to interest expense incurred on the new hangar development project at Lunken Airport in the amount of \$16,230, in addition to the existing debt service amount of \$215,770. The one-time capital transfers of \$100,000 for Reeves Golf Course Improvements, and \$100,000 for Glenview Golf Course Improvements account for the \$200,000 increase in capital transfers.

The 2006 Recommended Update Budget total expenditures of \$6,287,970, including debt service, decreased by \$12,840, or 0.2%, from the 2006 Approved Budget amount of \$6,300,810. A decrease in non-personnel services in the amount of \$75,070 is due to savings in contract services. An increase of \$50,190 in debt services is due to interest incurred on the new hangar development project at Lunken Airport. An increase of \$7,520 in personnel services is due to cost of living increases for CODE and non-represented employees not included in the 2006 Approved Budget. An increase in the employee benefits of \$4,520 is primarily attributable to the budgeted City Retirement System contribution.

STORMWATER MANAGEMENT UTILITY FUND 107

Item	2004 Actual	2005 Approved Budget	2005 Estimate	2006 Approved Budget	2006 Recommended Update
Revenue	7,408,830	7,400,000	7,400,000	7,400,000	7,400,000
Transfers In	1,556,220		416,900		
Prior Year Cancellations	1,090				
Prior Year Carryover	4,122,040	3,809,000	4,077,930	2,315,100	2,847,780
Resources	13,088,180	11,209,000	11,894,830	9,715,100	10,247,780
Operating Expenditures	7,254,250	6,664,000	6,422,150	6,828,940	6,878,200
Debt Service		1,034,900	1,034,900	1,034,900	791,400
Transfer to Capital	1,756,000	1,195,000	1,590,000	1,200,000	1,450,000
Expenses	9,010,250	8,893,900	9,047,050	9,063,840	9,119,600
Resources Minus Expenses	4,077,930	2,315,100	2,847,780	651,260	1,128,180
Balance as a % of Revenue	55%	31%	38%	9%	15%

Changes in Revenues

The revenue estimate for the Stormwater Management Fund 107 was \$7.4 million in the 2005 Approved Budget, which matches the estimate for year-end 2005. The 2006 Approved Budget and the 2006 revenue estimate for the 2006 Recommended Update is \$7.4 million. The 2005 and 2006 revenue estimates are based on current rates.

Changes in Expenditures

The 2005 estimated operating expenditures for the Stormwater Management Fund of \$6,422,150, is a \$241,850, or 3.6%, decrease compared to the operating expenditures of \$6,664,000 included in the 2005/2006 Approved Budget. The \$241,850 decrease is related to projected end-of-year operating expenditure savings of \$253,210, which are partially offset by a \$11,360 cost-of-living increase for CODE employees.

The 2006 Recommended Update operating expenditures for the Stormwater Management Fund of \$6,878,200, is a \$49,260, or 0.7%, increase compared to the 2006 operating expenditures of \$6,828,940 included in the 2006 Approved Budget. The \$49,260 increase is related to non-personnel services increases totaling \$152,920, an increase of \$9,440 for equipment, and an increase of \$390 for employee benefits. The non-personnel increases are offset by personnel services decreases totaling \$113,490.

Non-personnel services increases of \$152,920 are primarily related to \$190,030 increase for Stormwater Management contractual storm sewer repair services and a \$21,870 increase related to the Department of Public Services' mechanical street sweeping contract. These non-personnel increases are partially offset by a \$34,490 decrease to Stormwater Management's engineering services non-personnel budget, a \$10,710 reduction for sundry contractual services, a \$10,420

reduction for office building rent, and a net reduction of \$3,360 for other non-personnel line items such as computer hardware and data processing services.

Recommended personnel services reductions of \$113,490 are primarily related to a \$118,710 decrease for vacant position savings within Stormwater Management. The Stormwater Management personnel services vacant position savings is offset by a \$5,220 increase for budgeted wage inflationary adjustments.

The net increase of \$390 for employee benefits accounts for the budgeted City Retirement System contribution. This budgeted increase to the Stormwater Management Fund is \$54,890 for 2006 which is offset by recommended reductions totaling \$54,500 in General Fund Overhead and other employee benefit accounts such as Hospital Care. Debt Service payments decrease by \$243,500 from the 2006 Approved Budget total of \$1,034,900 to the 2006 Budget Update total of \$791,400.

The recommended 2006 Capital Budget Update of \$1,450,000 is a \$250,000 increase compared to the 2006 Approved Capital Budget of \$1.2 million. The recommended \$250,000 increase is related to a new \$150,000 project entitled "Barrier Dam Repair Project" and a \$100,000 recommended increase for the "Barrier Dam Motor Rewind" project. The new "Barrier Dam Repair Project" would provide funding for the replacement of windows, a garage door, a new equipment storage facility, and ventilation improvements. The recommended \$100,000 increase for the "Barrier Dam Motor Rewind" project would provide funding for additional repairs to the Barrier Dam motors.

BOND RETIREMENT FUND 151

Item	2004 Actual	2005 Approved Budget	2005 Estimate	2006 Approved Budget	2006 Recommended Update
Revenue	120,986,620	74,159,360	106,495,710	53,505,240	85,324,290
Misc. Revenue	70,690				
General Fund Transfer	4,635,000		3,059,000		
Transfers In					
Prior Year Carryover	7,585,820	6,417,510	11,487,740	1,209,090	11,303,870
Resources	133,278,130	80,576,870	121,042,450	54,714,330	96,628,160
Operating Expenditures	1,073,190	1,293,770	1,667,070	1,152,870	1,740,140
Debt Service	120,587,890	78,074,010	108,071,510	49,525,500	86,456,700
Transfer to Capital					
Increase in Reserve Funds	129,310				
Expenses	121,790,390	79,367,780	109,738,580	50,678,370	88,196,840
Resources Minus Expenses	11,487,740	1,209,090	11,303,870	4,035,960	8,431,320
Balance as a % of Revenue	9%	2%	11%	8%	10%

Changes in Revenues

The revenue estimate for the Bond Retirement Fund 151 is \$74,159,360 in the 2005 Approved Budget and is estimated at \$106,495,710 for year-end 2005, which is an increase of \$32,336,350, or 43.7%. The 2006 Recommended Update revenue estimate of \$85,324,290 is \$31,819,050, or 59.5%, higher than the 2006 Approved Budget as a result of the 2006 estimated revenue including proceeds of \$33,176,800 to redeem five notes. Revenue in the Bond Retirement Fund will vary depending on property tax revenue and other sources of debt repayment. The primary source of revenue for the fund is the 5.36 mills of property tax (over and above the operating budget millage) levied against the assessed value of real and tangible property. By annual resolution, City Council authorizes the property tax millage required to be levied to service the principal and interest on certain City bonded indebtedness.

Changes in Expenditures

The 2005 estimated operating budget is \$109,738,580, including debt service, is \$30,370,800 or a 38.3% increase from the 2005 Approved Budget. The 2006 Recommended Update operating budget is \$88,196,840, including debt service, and is a \$37,518,470, or 74%, increase over the 2006 Approved Budget. Expenditures will vary annually depending on the amount of principal and interest to be paid and refundings.

STREET CONSTRUCTION, MAINTENANCE, & REPAIR FUND 301

Item	2004 Actual	2005 Approved Budget	2005 Estimate	2006 Approved Budget	2006 Recommended Update
Revenue	8,324,580	8,720,000	8,720,000	9,260,000	9,260,000
Transfers In					
Prior Year Cancellations	242,630				
Prior Year Carryover	973,840	483,000	1,295,160	504,020	856,250
Resources	9,541,050	9,203,000	10,015,160	9,764,020	10,116,250
Operating Expenditures	8,245,890	8,698,980	9,158,910	8,881,640	9,294,310
Debt Service					
Transfer to Capital					
Expenses	8,245,890	8,698,980	9,158,910	8,881,640	9,294,310
Resources Minus Expenses	1,295,160	504,020	856,250	882,380	821,940
Balance as a % of Revenue	16%	6%	10%	10%	9%

Changes in Revenues

The revenue estimate for the Street Construction, Maintenance, and Repair Fund 301 was \$8,720,000 in the 2005 Approved Budget and is estimated at \$8,720,000 for year-end 2005. The 2006 Approved Budget and the 2006 revenue estimate for the 2006 Recommended Update is \$9,260,000. Revenue for 2006 is a 6.2% increase over 2005. The revenue estimates are based on current rates and additional proportionally shared taxes from the State of Ohio. In 2003 the motor vehicle fuel tax collected by the State of Ohio was increased. This increase is distributed to municipal corporations, counties, and townships according to a distribution formula to pay for local highway related purposes. The increase has been included in the 2005 estimated revenue and the 2006 Recommended Update revenue.

Changes in Expenditures

The 2005 estimated operating expenditures for the Street Construction, Maintenance, and Repair Fund of \$9,158,910, is a \$459,930, or 5.3%, increase over the operating expenditures of \$8,698,980 included in the 2005 Approved Budget. The increase in operating expenditures is primarily related to an increase of \$451,034 to provide additional funding to the Public Services Department for costs paid during the first quarter of 2005 related to the 2004 winter storm and slippery street operations.

The 2006 Recommended Update operating expenditures for the Street Construction, Maintenance, and Repair Fund of \$9,294,310, is a \$412,670, or 4.6%, increase over the 2006 operating expenditures of \$8,881,640 included in the 2006 Approved Budget. An increase of \$120,370 is due to cost of 2005 living increases for CODE and non-represented employees not included in the 2006 Approved Budget; and natural gas prices, electricity prices, and fuel prices exceeding the planned inflationary rates included in the 2006 Approved Budget. An increase in

the employee benefits of \$292,300 is primarily due to the budgeted City Retirement System contribution.

INCOME TAX-INFRASTRUCTURE FUND 302

Item	2004 Actual	2005 Approved Budget	2005 Estimate	2006 Approved Budget	2006 Recommended Update
Revenue	13,076,860	13,062,500	13,876,390	13,493,020	14,334,580
Transfers In	116,840				
Prior Year Cancellations	105,690				
Prior Year Carryover	3,517,130	2,141,000	3,204,800	1,496,100	3,916,470
Resources	16,816,520	15,203,500	17,081,190	14,989,120	18,251,050
Operating Expenditures	13,611,720	13,707,400	13,164,720	13,818,850	16,247,370
Debt Service					
Transfer to Capital					
Expenses	13,611,720	13,707,400	13,164,720	13,818,850	16,247,370
Resources Minus Expenses	3,204,800	1,496,100	3,916,470	1,170,270	2,003,680
Balance as a % of Revenue	25%	11%	28%	9%	14%

Changes in Revenues

The revenue estimate for the Income Tax-Infrastructure Fund 302 was \$13,062,500 in the 2005 Approved Budget and is estimated at \$13,876,390 for year-end 2005. This 6.2% increase over the 2005 Approved Budget is primarily attributable to an increase in business net income tax revenue. The revenue estimate for the 2006 Approved Budget was \$13,493,020 and is now estimated at \$14,334,580. This 6.2% increase over the 2006 Approved Budget reflects modest continued business net income tax revenue growth and an increase in individual income tax revenue from expected job growth and wage increases as the economy continues modest improvement.

Changes in Expenditures

The 2005 estimated operating expenditures for the Income Tax-Infrastructure Fund of \$13,164,720, is a \$542,680, or 4.0%, decrease from the operating expenditures of \$13,707,400 included in the 2005 Approved Budget. The decrease in operating expenditures is primarily related to 2005 year-end savings in the amount of \$503,480 projected by the Department of Transportation. Reimbursements collected by the Department of Transportation and Engineering were significantly higher than budgeted.

The 2006 Recommended Update operating expenditures for the Income Tax-Infrastructure Fund of \$16,247,370, is a \$2,428,520, or 17.6%, increase over the 2006 operating expenditures of \$13,818,850 included in the 2006 Approved Budget. The \$2,428,520 increase is comprised of an increase in the departmental accounts of \$1,826,430 and an increase in the non-departmental accounts of \$602,090.

The increase in the department accounts of \$1,826,430 is primarily due to the following:

- The transfer of selected operations within the Public Services Department previously budgeted in the General Fund 050 in the 2006 Approved Budget to the Income Tax-Infrastructure Fund 302 in the amount of \$518,000, not including employee benefits.
- An increase of \$300,000 for on-going maintenance for new buildings acquired by the City. Over the last three years the City acquired the Radcliff, Spinney Field, and One-Stop Permit Center facilities, which total over 150,000 square feet, for use in improving vital services to public safety and development.
- The transfer of selected operations previously budgeted in the Parking Meter Fund 303 in the 2006 Approved Budget to the Income Tax-Infrastructure Fund 302 including the Highway Interstate Greenspace program of the Parks Department in the amount of \$239,100, not including employee benefits, and the traffic and road operations of the Public Services Department in the amount of \$143,920, not including employee benefits.
- An increase of \$144,310 to maintain operations within the Public Services Department, which would be eliminated through a gap closing reduction needed to balance the Municipal Motor Vehicle License Tax Fund 306 as part of the 2005/2006 Biennial Budget.
- An increase of \$137,260 is for the maintenance of greenspace within the City of Cincinnati. The increase of \$107,260 is related to the restoration of funding for the City Greenspace Program, which was reduced in 2005 in the Parking Meter Fund 303 due to limited resources. An amount of \$30,000 is for maintenance of greenspace around the Paddock Road Bridge.
- A net increase of \$128,840 in the Department of Public Services. This increase is related to the restoration of funding within City Facility Management which would have been eliminated through gap closing reductions needed to balance Fund 302 as part of the 2005/2006 Biennial Budget.
- A net increase of \$106,590 in the Department of Transportation and Engineering. This increase is primarily related to a \$150,330 increase to the non-personnel budget, which is offset by a \$43,740 net decrease to the personnel services budget. The non-personnel services increase is primarily related to a \$147,830 increase to the expert services budget for citywide contractual spot infrastructure maintenance work which would occur primarily in the central business district, near Fort Washington Way, and at various City gateways. The non-personnel services increase is partially offset by a \$43,740 net personnel services reduction due to an increase in planned reimbursements and reductions in overtime and the City's contribution to deferred compensation.
- Natural gas, electricity, fuel, and other costs exceeding the planned inflationary rates are included in the 2006 Approved Budget in the amount of \$108,410.

The increase in the employee benefits of \$602,090 is primarily due to the budgeted City Retirement System contribution in the amount of \$625,630, which is partially offset by reductions in hospital care and General Fund overhead.

PARKING METER FUND 303

Item	2004 Actual	2005 Approved Budget	2005 Estimate	2006 Approved Budget	2006 Recommended Update
Revenue	940,140	1,267,000	1,267,000	1,233,000	1,233,000
Transfers In					
Prior Year Cancellations	10				
Prior Year Carryover	946,300	255,000	325,480	65,680	231,040
Resources	1,886,450	1,522,000	1,592,480	1,298,680	1,464,040
Operating Expenditures	1,560,970	1,456,320	1,361,440	1,175,800	1,172,890
Debt Service					
Transfer to Capital					
Expenses	1,560,970	1,456,320	1,361,440	1,175,800	1,172,890
Resources Minus Expenses	325,480	65,680	231,040	122,880	291,150
Balance as a % of Revenue	35%	5%	18%	10%	24%

Changes in Revenues

Revenue in the Parking Meter Fund 303 is comprised of coinage from meters throughout the City, but primarily downtown, less parking enforcement costs. The revenue estimate for the Parking Meter Fund 303 is \$1,267,000 in 2005, matching the 2005 Approved Budget revenue projection. In 2006, the revenue estimate is \$1,233,000, which is also unchanged from the amount included in the 2006 Approved Budget. It should be noted that beginning in 2005 revenue in the Parking Meter Fund 303 is based on the entire net operating margin, (not including employee benefits and administrative overhead) of parking enforcement of on-street parking. Previously the revenue was based on a predetermined amount escalated each year by 2.3%.

Changes in Expenditures

The 2005 estimate of operating expenditures in the Parking Meter Fund 303 is \$1,361,440, representing a decrease of \$94,880, or 6.5%. This decrease is primarily related to a reductions in Special Improvement District assessments of \$43,700, a \$40,490 reduction in pension costs based on the actual pension costs for incumbent employees, and personnel services savings of \$10,000 within in the Department of Community Development and Planning and \$4,170 within the Department of Transportation and Engineering. Other reductions in employee benefit accounts total \$5,760. Expenditure reductions are offset by an increase of \$7,450 for employee medical benefits and an increase of \$1,790 for salary increases for CODE employees.

Operating expenditures in the 2006 Recommended Update total \$1,172,890, which is a decrease of \$2,910, or 0.2%, when compared to the operating expenditures in the 2006 Approved Budget of \$1,175,800. For 2006, expenses related to traffic and road operations in the Public Services Department and the Greenspace Program in the Parks Department have been moved to the

Income Tax Infrastructure Fund 302. Operating expenditures in 2006 include \$536,600 for utility costs for traffic signals and streetlights in the Department of Transportation and Engineering, \$335,170 for traffic enforcement and planning in the Police Department, and \$92,460 for promotion of economic development programs within the Department of Community Development and Planning. Utility costs in the Department of Transportation and Engineering have been increased to reflect anticipated increases for electricity and natural gas in 2006. Additionally, an energy reserve contingency of \$50,000 has been included in a non-departmental account for the possibility of even higher utility costs for traffic signals and streetlights. With the transfer of Parks' employees to Fund 302, a decrease in employee benefits of \$36,410, is realized when compared to the 2006 Approved Budget.

MUNICIPAL MOTOR VEHICLE LICENSE TAX FUND 306

Item	2004 Actual	2005 Approved Budget	2005 Estimate	2006 Approved Budget	2006 Recommended Update
Revenue	2,435,490	2,310,000	2,310,000	2,310,000	2,310,000
Transfers In					
Prior Year Cancellations	36,730				
Prior Year Carryover	499,570	187,000	376,020	234,530	260,050
Resources	2,971,790	2,497,000	2,686,020	2,544,530	2,570,050
Operating Expenditures	2,595,770	2,262,470	2,425,970	2,169,010	2,301,130
Debt Service					
Transfer to Capital					
Expenses	2,595,770	2,262,470	2,425,970	2,169,010	2,301,130
Resources Minus Expenses	376,020	234,530	260,050	375,520	268,920
Balance as a % of Revenue	15%	10%	11%	16%	12%

Changes in Revenues

The revenue estimate for the Municipal Motor Vehicle License Tax Fund 306 was \$2,310,000 in the 2005 Approved Budget and is estimated at \$2,310,000 for year-end 2005. The 2006 Approved Budget and the 2006 revenue estimate for the 2006 Recommended Update remain at \$2,310,000. These estimates are based on current rates. The decline in revenue since 2004 is because in recent years state and county records have been refined to more accurately reflect the actual jurisdictional location of registered vehicles. This has resulted in vehicles registered in "Cincinnati" being assigned to other neighboring jurisdictions.

Changes in Expenditures

The 2005 estimated operating expenditures for the Municipal Motor Vehicle License Tax Fund of \$2,425,970 is a \$163,500, or 7.2%, increase over the operating expenditures of \$2,262,470 included in the 2005 Approved Budget. The increase in operating expenditures is primarily related to an increase of \$183,540 to provide additional funding to the Public Services Department for costs paid during the first quarter of 2005 related to the 2004 winter storm and early 2005 winter operations as well as a \$7,440 increase related to the approved CODE labor contract. These increases are partially offset by an estimated savings \$27,480 in various employee benefit accounts.

The 2006 Recommended Update operating expenditures for the Municipal Motor Vehicle License Tax Fund of \$2,301,130 is a \$132,120, or 6.1%, increase over the 2006 operating expenditures of \$2,169,010 included in the 2006 Approved Budget. An increase of \$100,750 is due to cost of 2005 living increases for CODE and non-represented employees not included in

the 2006 Approved Budget and fuel prices exceeding the planned inflationary rates included in the 2006 Approved Budget. An increase in the employee benefits of \$31,370 is primarily due to the budgeted City Retirement System contribution in the amount of \$82,750, which is partially offset by reductions in hospital care and General Fund overhead.

SAWYER POINT FUND 318

Item	2004 Actual	2005 Approved Budget	2005 Estimate	2006 Approved Budget	2006 Recommended Update
Revenue	858,580	850,000	850,000	850,000	850,000
Transfers In					
Prior Year Cancellations	58,660				
Prior Year Carryover	971,810	321,000	715,810	290,620	760,420
Resources	1,889,050	1,171,000	1,565,810	1,140,620	1,610,420
Operating Expenditures	858,240	880,380	805,390	897,220	903,360
Debt Service					
Transfer to Capital	315,000				
Expenses	1,173,240	880,380	805,390	897,220	903,360
Resources Minus Expenses	715,810	290,620	760,420	243,400	707,060
Balance as a % of Revenue	83%	34%	89%	29%	83%

Changes in Revenues

The revenue estimate for the Sawyer Point Fund 318 is \$850,000 for 2005 Approved Budget and remains unchanged from the 2005 Revised Budget, the 2006 Approved Budget, and the 2006 Recommended Update.

Changes in Expenditures

The 2005 estimated expenditure amount of \$805,390 is a \$74,990, or 8.5%, decrease from the 2005 Approved Operating Budget amount of \$880,380. This decrease is primarily attributable to the fund returning \$100,000 in appropriation because of reduced expenditures due to the decrease in revenues. However, a payroll adjustment in the amount of approximately \$25,010 will be processed for overtime salaries related to event maintenance overtime for such events as Kidsfest, and Riverfest at Sawyer Point. The General Fund will be credited in the amount of \$25,010 and Fund 318 will be billed for the same amount in order to charge directly related expenses and event fees for overtime performed at Sawyer Point to the proper fund. This will result in a net reduction of expenditures in the amount of \$74,990.

The 2006 Recommended Update amount of \$903,360 is a \$6,140, or 0.7%, increase from the 2006 Approved Budget of \$897,220. An increase of \$6,200 in personnel services is primarily due to cost of living increases for CODE and non-represented employees not included in the 2006 Approved Budget. A net decrease in non-departmental accounts of \$60 is primarily due to a decrease in General Fund Overhead and the budgeted City Retirement System contribution.

RECREATION SPECIAL ACTIVITIES FUND 323

Item	2004 Actual	2005 Approved Budget	2005 Estimate	2006 Approved Budget	2006 Recommended Update
Revenue	2,908,530	3,000,000	2,850,000	3,000,000	3,000,000
Transfers In					
Prior Year Cancellations	59,590				
Prior Year Carryover	609,010	322,000	590,420	179,000	590,420
Resources	3,577,130	3,322,000	3,440,420	3,179,000	3,590,420
Operating Expenditures	2,986,710	3,143,120	2,850,000	3,075,000	3,189,650
Debt Service					
Transfer to Capital					
Expenses	2,986,710	3,143,120	2,850,000	3,075,000	3,189,650
Resources Minus Expenses	590,420	178,880	590,420	104,000	400,770
Balance as a % of Revenue	20%	6%	21%	3%	13%

Changes in Revenues

The 2005 revenue estimate for the Recreation Special Activities Fund of \$2,850,000 is \$150,000 less than the \$3,000,000 amount of the 2005 Approved Budget, the 2006 Approved Budget, and the 2006 Recommended Update.

Changes in Expenditures

The 2005 estimated expenditure of \$2,850,000 is a \$293,120, or 9.3%, decrease from the 2005 Approved Budget of \$3,143,120 because of a reduction in expenditures due to savings in materials and supplies and personnel services.

The 2006 Recommended Update of \$3,189,650 reflects a \$114,650, or 3.7%, increase over the 2006 Approved Budget of \$3,075,000. An increase of \$78,910 in personnel is due to cost of living increases for CODE and non-represented employees not included in the 2006 Approved Budget. An increase of \$68,720 in non-personnel is primarily due to an increase in the cost of contract services and property services increase. These savings are offset by a decrease in non-departmental accounts of \$32,980, primarily attributable to the budgeted City Retirement System contribution.

This fund will continue to be monitored closely during 2006 and specific expenditure reductions will be addressed during the 2007 budget process. Expenditure levels for Fund 323 continue to outpace revenue and have resulted in diminished carryover balances.

HEALTH SERVICES FUND 395

Item	2004 Actual	2005 Approved Budget	2005 Estimate	2006 Approved Budget	2006 Recommended Update
Revenue	3,377,620	3,500,000	3,500,000	3,500,000	3,500,000
Transfers In					
Prior Year Cancellations	194,750		148,360		
Prior Year Carryover	2,279,360	1,416,000	1,623,580	460,150	883,060
Resources	5,851,730	4,916,000	5,271,940	3,960,150	4,383,060
Operating Expenditures	4,228,150	4,455,850	4,388,880	3,781,000	3,838,110
Debt Service					
Transfer to Capital					
Expenses	4,228,150	4,455,850	4,388,880	3,781,000	3,838,110
Resources Minus Expenses	1,623,580	460,150	883,060	179,150	544,950
Balance as a % of Revenue	48%	13%	25%	5%	16%

Changes in Revenues

The 2005 revenue estimate amount of \$3,500,000 is the same as the 2005 Approved Budget revenue amount of \$3,500,000. Cancellation of prior-year encumbrances increases the 2005 resource estimate by \$148,360 from the 2005 Approved Budget. The 2006 Recommended Update revenue estimate amount of \$3,500,000 is also the same as the 2006 Approved Budget revenue amount of \$3,500,000.

Changes in Expenditures

The 2005 Estimate operating expenditures amount of \$4,388,880 is \$66,970, or 1.5%, less than the 2005 Approved Budget amount of \$4,455,850 and it is primarily due to position vacancies. The 2006 Recommended Update operating expenditures amount of \$3,838,110 is a \$57,110, or 1.5%, increase over the 2006 Approved Budget amount of \$3,781,000. This increase is mainly due to the budgeted City Retirement System contribution and is partly offset by position vacancies. It should be noted that the 2006 Approved Budget assumed reductions of \$675,000. This reduction is included in the 2006 Recommended Update based on increased position vacancy allowance and savings in medical and dental supplies. It is anticipated that staffing levels will be adjusted in the 2007/2008 Biennial Budget Process to reflect the increased position vacancy allowance realized in 2005 and planned for 2006.

CABLE COMMUNICATIONS FUND 424

Item	2004 Actual	2005 Approved Budget	2005 Estimate	2006 Approved Budget	2006 Recommended Update
Revenue	2,519,930	2,400,000	2,400,000	2,400,000	2,400,000
Transfers In			70		
Prior Year Cancellations	64,170				
Prior Year Carryover	<u>1,581,610</u>	<u>308,000</u>	<u>513,220</u>	<u>512,950</u>	<u>780,890</u>
Resources	4,165,710	2,708,000	2,913,290	2,912,950	3,180,890
Operating Expenditures	2,111,090	2,195,050	2,132,400	2,243,320	2,542,570
Transfer to Capital	<u>1,541,400</u>				<u>120,500</u>
Expenses	3,652,490	2,195,050	2,132,400	2,243,320	2,663,070
Resources Minus Expenses	513,220	512,950	780,890	669,630	517,820
Balance as a % of Revenue	20%	21%	33%	28%	22%

Changes in Revenues

The revenue estimate for the Cable Communications Fund 424 was \$2,400,000 in the 2005 Approved Budget and is estimated at \$2,400,000 for year-end 2005. The 2006 Approved Budget and the revenue estimate for the 2006 Recommended Update is \$2,400,000. There is no change in revenue from 2005 to 2006. Revenue estimates are based on the franchise fee applied to Time Warner Cable's gross revenues from Cincinnati subscribers.

Changes in Expenditures

The 2005 estimated operating expenditures for the Cable Communications Fund 424 of \$2,132,400, is a \$62,650, or 2.9%, decrease from the operating expenditures of \$2,195,050 included in the 2005 Approved Budget. The decrease in operating expenditures is primarily related to savings resulting from unfilled position vacancies.

The 2006 Recommended Update operating expenditures for the Cable Communications Fund 424 of \$2,542,570 is a \$299,250, or 13.3%, increase over the 2006 Approved Budget of \$2,243,320. The increase of \$270,190 in operating expenses is attributable to the following items: \$43,470 for 2005 cost of living increases for CODE and non-represented employees not included in the 2006 Approved Budget; \$5,320 for merit increases for non-represented employees in 2006; \$58,550 for the net cost of the transfer of an Assistant to the City Manager position from the General Fund to Fund 424; \$43,800 for electricity and fuel prices exceeding the planned inflationary rates included in the 2006 Approved Budget; and \$119,050 for resumption of Citicable telecasts of neighborhood events and meetings in 2006. An increase in the employee benefits of \$29,060 is primarily due to a potential City Retirement System employer contribution rate increase from 11% of payroll to 17% of payroll.

An amount of \$120,500 is being transferred to the Capital Budget to provide funding for two projects for the Cincinnati Police Department: the installation of a new phone system for District 3 offices and the purchase of 49 additional Mobile Data Computers for police vehicles.

INCOME TAX TRANSIT FUND 759

Item	2004 Actual	2005 Approved Budget	2005 Estimate	2006 Approved Budget	2006 Recommended Update
Revenue	37,640,250	38,187,000	40,629,160	39,479,060	42,003,750
Transfers In			100		
Prior Year Cancellations	80				
Prior Year Carryover	3,386,700	2,382,000	2,776,410	2,089,860	5,013,420
Resources	41,027,030	40,569,000	43,405,670	41,568,920	47,017,170
Operating Expenditures	38,126,020	38,379,140	38,292,250	39,642,030	39,595,670
Transfer to Capital	124,600	100,000	100,000	100,000	100,000
Expenses	38,250,620	38,479,140	38,392,250	39,742,030	39,695,670
Resources Minus Expenses	2,776,410	2,089,860	5,013,420	1,826,890	7,321,500
Balance as a % of Revenue	7%	5%	12%	5%	17%

Changes in Revenues

The revenue estimate for the Income Tax Transit Fund 759 was \$38,187,000 in the 2005 Approved Budget and is estimated at \$40,629,160 for year-end 2005, for an increase of \$2,442,160, or 6.4%, over the 2005 Approved Budget revenue estimate. For the 2006 Recommended Budget Update, the revenue estimate of \$42,003,750 is an increase of \$2,524,690, or 6.4% compared to the 2006 Approved Budget revenue amount of \$39,479,060. The estimated 6.4% increases for both 2005 and 2006 are based on current rates and income tax collections.

Changes in Expenditures

The revised estimate for 2005 operating expenditures totals \$38,292,250, which is an \$86,890, or 0.2%, decrease compared to the 2005 Approved Budget operating expenditures total of \$38,379,140. The \$86,890 decrease is related to projected end-of-year Department of Transportation and Engineering operating expenditure savings.

For the 2006 Recommended Budget Update, operating expenditures total \$39,595,670, which is a \$46,360, or 0.1%, decrease compared to the 2006 Approved Budget operating expenditures of \$39,642,030. The \$46,360 decrease from the 2006 Approved Budget to the 2006 Recommended Budget Update is related to a \$47,010 decrease in General Fund overhead, which is offset by a \$650 increase for budgeted wage inflationary increases. The 2006 Recommended Budget Update includes \$38,916,000 for SORTA, which matches the 2006 Approved Budget amount for SORTA.

